

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

HB 8001 - SB 8001

October 19, 2021

SUMMARY OF ORIGINAL BILL: Enacts the Megasite Authority of West Tennessee Act of 2021. Establishes the Megasite Authority of West Tennessee (MAWT).

Authorizes the MAWT to enter into contracts, employ individuals, enforce compliance with this Act, seek legal remedies, and enter into or execute various financial and property transactions with governmental and non-governmental entities.

Establishes the MAWT Board of Directors (Board). Such Board will consist of seven members. Board members do not receive compensation for service to the Board but are eligible for reimbursement of travel expenditures.

Establishes the Office of the Chief Executive Officer (CEO) of the Authority. The CEO initially appointed by the Governor and each subsequent CEO appointed by the Board shall enter into a contract with the Board which shall establish the CEO's salary and term of office. The CEO shall be eligible for reimbursement of travel expenditures.

Establishes Water and Wastewater Services within the MAWT. Authorizes the MAWT to implement and collect reasonable rates, terms, and conditions for its customers. Authorizes the MAWT to enlist a third-party contractor to fulfill these water and wastewater obligations.

Establishes that the Tennessee Regional Megasite Authority Act of 2007 does not apply to the Megasite of West Tennessee.

Removes the Memphis Regional Megasite Authority from review under the Tennessee Governmental Entity Review Law. Adds the MAWT for review under the Tennessee Governmental Entity Review Law with a termination date of June 30, 2023.

Establishes that records of the MAWT are confidential.

Upon the effective date of this Act, the initial megasite property will be transferred from the jurisdiction of the Department of Economic and Community Development to the jurisdiction of the MAWT. The MAWT will be administratively attached to the Department of General Services (DGS). The Commissioner of General Services is granted authority to exercise all powers granted to the MAWT from the effective date of this act until the Board assumes active control of the MAWT by resolution.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$630,000/FY21-22
\$870,000/FY22-23 and Subsequent Years

Other Fiscal Impact - This legislation will result in various unknown direct and indirect fiscal impacts to both state and local governments. The extent and timing of any of these impacts cannot be reasonably determined.

SUMMARY OF AMENDMENTS (009962, 009989): Amendment 009962 deletes all language after the enacting clause such that no substantive changes are made.

Amendment 009989 deletes and replaces language in the legislation as amended by amendment 009962, such that the only substantive change increases the number of Board members, from seven members to fourteen members.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENTS:

Increase State Expenditures - \$637,200/FY21-22
\$880,900/FY22-23 and Subsequent Years

Other Fiscal Impact - This legislation will result in various unknown direct and indirect fiscal impacts to both state and local governments. The extent and timing of any of these impacts cannot be reasonably determined.

Assumptions for the bill as amended:

MAWT – Office of Chief Executive Officer

- This legislation creates and requires a new CEO position, whose salary will be determined by the MAWT Board via contract.
- A salary of \$175,000 with benefits equal to \$33,817.
- There will be an additional increase in recurring state expenditures associated with this position for professional services billed to other state agencies, travel, supplies, rentals, etc. of approximately \$34,000.
- A total recurring increase in state expenditures of \$242,817 (salary \$175,000 + benefits \$33,817 + other \$34,000).
- Based on information provided by the DGS, the authority will hire one general counsel and one administrative assistant to assist the CEO in completing the duties required of this legislation.
- Each position will result in additional recurring state for professional services billed to other state agencies, travel, supplies, rentals, etc. of approximately \$22,000.

- The general counsel position will result in an increase in recurring state expenditures of \$160,515 (salary \$113,000 + benefits \$25,515 + other \$22,000).
- The administrative assistant position will result in an increase in recurring state expenditures of \$105,709 (salary \$66,000 + benefits \$17,709 + other \$22,000).
- In FY21-22, these positions will only be filled 8 months, or from November 1, 2021 to June 30, 2021; therefore, salaries and benefits will be prorated in this first fiscal year.
- An increase in state expenditures in FY21-22 of \$339,361 [(\$242,817 + \$160,515 + \$105,709) x (8 months / 12 months)].
- A recurring increase in state expenditures in FY22-23 and subsequent years of \$509,041.

MAWT – Board of Directors

- This legislation creates a fourteen-member Board of Directors over the MAWT.
- All members are eligible for reimbursement for necessary travel expenditures, but none are eligible for compensation.
- An average mileage reimbursement equal to \$129.95 per meeting.
- The legislation indicates that the first meeting of the Board will occur in November of 2021.
- It is assumed there will be monthly Board meetings.
- There will be eight monthly Board meetings in FY21-22 (November 2021 – June 2022) and twelve Board meetings in each fiscal year thereafter.
- An increase in state expenditures in FY21-22 of \$14,554 (14 legislative members x 8 meetings x \$129.95).
- An increase in state expenditures in FY22-23 and subsequent years of \$21,832 (14 members x 12 meetings x \$129.95).

Third Party Professional Services

- According to the DGS, the MAWT is expected to enter into contracts for the following services:
 - A consultant to assist with the creation and establishment of the MAWT (\$25,000 one-time);
 - Outside counsel to assist with bylaws, rules, and contracts (\$25,000 one-time); and
 - A contractor to operate and maintain the water and waste water facilities (\$350,000 recurring).
- While the water and waste water infrastructure will take some time to construct, the DGS anticipates contracting for these services in FY21-22.
- The total FY21-22 state expenditures for contracted services are estimated to be \$283,333 [\$25,000 + \$25,000 + (\$350,000 x (8/12))].
- The total increase in state expenditures for FY22-23 and subsequent years are estimated to be \$350,000.

Other Fiscal Impacts

- Upon the effective date of this Act, the Megasite property, currently under the jurisdiction of the Department of Economic and Community Development (ECD), will be transferred to the MAWT. Any transfer of responsibilities, fiscal and otherwise, cannot be readily determined without additional information from relevant parties; however, any decrease in state expenditures to ECD is estimated to be not significant.
- This legislation will result in various direct and indirect fiscal impacts to both state and local governments. Due to the nature and timing of certain details, any future fiscal impacts cannot be reasonably estimated at this time.

Total Expenditures

- A total increase in state expenditures in FY21-22 of \$637,248 (\$339,361 + \$14,554 + \$283,333).
- A total increase in state expenditures in FY22-23 and subsequent years of \$880,873 (\$509,041 + \$21,832 + \$350,000).

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink that reads "Krista Lee Carsner". The signature is written in a cursive, flowing style.

Krista Lee Carsner, Executive Director

/jb